

Message Text

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PAGE 01 PRAGUE 00550 020656Z
ACTION EUR-12

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 EB-08 FRB-03
INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 L-03 H-01 PA-01 DOE-11 SOE-02 AGRE-00
/114 W

-----085452 020658Z /15

P R 011502Z MAR 78
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC PRIORITY 4841
INFO AMEMBASSY BELGRADE
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
USINT HAVANA
AMEMBASSY MOSCOW
AMEMBASSY SOFIA
USMISSION USBERLIN
USMISSION USNATO
AMEMBASSY WARSAW
AMEMBASSY BERLIN
USDOC WASHDC

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E.O. 11652: NA
TAGS: EALR, EGEN, ENRG, CZ
SUBJ: SOV PRICE CHANGES MAY SIGNAL GOC PRICE CHANGES

REFS A. MOSCOW 03128, B. PRAGUE 0322(NOTAL), C. PRAGUE 0186
(NOTAL), D. 77 PRAGUE 2923(NOTAL), E. 77 PRAGUE A-54(NOTAL)

1. MARCH ONE RUDE PRAVO REPORTS SOVIET PRICE CHANGES HAVE TAKEN
EFFECT (REF A), NOTING REDUCTIONS FOR BLACK AND WHITE TELEVISION
SETS, REFRIGERATORS AND FAKE FUR FABRICS AND RISES FOR GASOLINE,
CAR REPAIR SERVICES AND SPARE PARTS, COFFEE, COCOA BEANS AND
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CHOCOLATE PRODUCTS. THIS WILL UNDOUBTEDLY HEIGHTEN ALREADY KEEN
EXPECTATIONS HERE THAT GOC WILL SOON ANNOUNCE PRICE CHANGES.
WE UNDERSTAND THAT LONG-RUMORED CENTRAL COMMITTEE PLENUM MAY BE
HELD NEXT MONDAY, MARCH 6, AND PRICE CHANGES COULD BE
ANNOUNCED AFTER THAT.

2. ALTHOUGH WE CONTINUE TO DISCOUNT POSSIBILITY OF DRASTIC

MONETARY REFORM (REF C), WE BELIEVE OTHER SELECTIVE PRICE INCREASES ARE LIKELY ALONG WITH SOME PRICE CUTS ON UNPOPULAR ITEMS FOR CAMOUFLAGE. DESPITE RECENT GOC CLAIMS TO CONTRARY (REFS B AND D), GASOLINE PRICE IS ALMOST CERTAIN TO RISE. SINCE GOC RAISED PRICES OF COFFEE, CHOCOLATE PRODUCTS AND OTHER ITEMS LAST JULY 22(REF E), NEXT ROUND OF PRICE HIKES COULD INCLUDE PERSONAL SERVICES, AUTOMOBILE SPARE PARTS, CONSUMER DURABLES AND OTHER ITEMS WHICH ARE IN GREAT DEMAND, HAVE A HIGH IMPORT-CONTENT, INVOLVE SIZEABLE LABOR INPUTOR ARE CONSIDERED "LUXURIES".
FROWICK

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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